

Good morning, everyone, and welcome to Monday morning..

It's Stephen Whiteside here from TheUpTrend.com. In the pre-market this.

morning, stock index futures and commodities are trading below fair value..

Dow futures currently down to 180 points..

Well, the title of this video is Five Weeks of Fear..

It's been five weeks since the VIX gave us.

a weekly buy signal, and that tells us that options traders are.

concerned about the direction of the stock market..

On Friday, the VIX closed at a new high for this move..

We are going to remain long term bearish on the stock market as long as the VIX.

continues to trade and close above \$14.75. If on Friday we close below.

\$14.75, we are going to turn from being long term bearish to long term bullish..

Now, during the past five weeks, the stock market has tried to rally and of course,.

it has been those big cap tech stocks that have led the market higher..

And if we look at just who's in control,.

you can see that on the Nasdaq-100, the Pros did come back and take control..

They're starting to give up control right now..

Now, the rest of the market didn't perform as well..

And you can see on the S&P 500, yes, the.

Pros did take control, but have given up control..

On the Dow, that never happened..

That never happened on the TSX-60, the Pros never took control..

That is also true for the Russell 2000, the Russell MicroCap.

Index and on the TSX Venture exchange, we saw no sign of the Pros taking control..

If we go back to the US MicroCaps, you can.

see the Pros gave up control back here in August..

That's also true on The Venture Exchange,.

but they did come back once for a couple of days to take control, really didn't see.

a lot of price movement in the index itself..

And as I've mentioned many times over the years, the stock market is a lot more fun..

It's a lot easier to make money when microcap stocks are trending higher..

Now, we've talked about the Russell 2000.

several times over the past couple of months where I've looked at this chart..

And the Russell 2000 has been in a tight range for almost two years now..

And on the IWM, \$200 has been the top of the market, \$162.50 has been the bottom..

What's interesting, of course, is we made.

a high here, a lower high, and then recently another lower high..

And a series of lower highs and lower.

lows, that's a bearish scenario, that's a bearish theme, and that has not changed..

You can see the midpoint here, and we've.

been trading below the midpoint for the past couple of weeks, we're treating.

towards 1.62.50, and that'll be very important for the market..

If we hold and bounce off that level, that.

could certainly be the catalyst for the year end rally..

Otherwise, if we start to break down, the market might accelerate to the downside..

Now looking at the Canadian market since.

the start of 2023, we've been in a tight range and about 90% of the trading.

activity has been between two waypoints here..

Recently, while the VIX has been elevated,.

the market has started to break down and we are heading towards 18,750..

That will be our first line of defense..

Otherwise, if we start breaking down below 18,750..

You can see the next line down is major support from 2022..

Now, year to date, the TSX is negative..

It's down 1.39% for 2023..

Now, in the next part of the presentation,.

we're going to be focusing on the Fly Paper Channel chart..

I'm going to use the Dow 30 just to do some very quick market analysis..

Of course, there's winners and losers, and winners are typically stocks trading above.

the Fly Paper Channel in which investors are willing to buy the dips..

That is certainly true of Amgen..

Amgen made a new high last week before.

starting to pull back at the end of the week with the rest of the market..

A loser is a stock trading in or below the.

Fly Paper Channel in which investors are willing to sell the rips..

American Express is a good example of that..

Anytime a stock is trading below the Fly Paper Channel, we assume the.

Fly Paper Channel is going to act as resistance..

For us to go.

from a bear market to a bull market or to start a year-end rally, we need a lot of.

these stocks to start breaking out above the Fly Paper Channel..

That did not happen over the recent rally that we saw in the market..

Now, Apple, of course, is the biggest,.

most important stock in the world, and it was doing really well until late July..

It came back, found support in the Fly Paper Channel..

They bought the dip..

We could only get it up into the open gap, and then we came right back down..

Now, one thing you're going to notice, of course, when you're looking at Apple, is.

the fact that we are now starting to make a series of lower highs and lower lows..

Now, we made a lower low in September..

We'll have to see if that holds as support..

If it can hold the support, that could.

hold up the rest of the market if it starts to break, that may be one of the.

catalysts for the market to accelerate to the downside..

Now Tesla, on the other hand, which is not.

a Dow 30 stock, but of course, is the most actively traded stock out there..

You can see that we came down hard into August and then we came back up..

And where do we get to?.

Well, we couldn't fill the open gap..

We got up to the bottom of it before pulling back..

And again, look at the major chart pattern that's going on here..

We're making lower highs and on Friday we made a lower low..

And so that is a bearish chart pattern and.

that should continue going forward until it is broken..

No hope for Tesla on Monday..

Now, NVIDIA is still holding up fairly well..

We did recently put in a lower high. We noted that..

And of course, that was the set up for the market starting to pull back last week..

We are still holding the recent lows..

That could change on Monday..

Now, Canadian natural resources, any of.

the energy stocks have been doing well recently..

Most of them have been finding support in the Fly Paper Channel..

People have continued to buy the dip..

That has not changed..

We made a new high last week,.

and most energy stocks look like this at the moment..

Now, the bond yields have continued to move higher..

This morning, or on Friday, you can see on the 10-year yield, the high was 4.993..

For a little while this morning, it was trading over 5%, and that certainly helped.

pull stock index futures down this morning..

Now, with the yields going up, any of the.

financial institutions have been having a hard time..

There's CIBC making a new low on Friday..

You can see Bank of America.

has been trading below the Fly Paper Channel for some time now..

That's also true for Citi Group..

You can see that we were trying to poke.

our head out above the Fly Paper channel, but couldn't break away from it..

That's a high over here, a lower high, lower high, lower high..

And what do you know?.

Recently, we put in more lower highs and lower lows..

So a series of those is a very bearish sign..

Now looking at the Dow 30 stocks, we've.

already looked at a couple, but Boeing are not looking healthy at the moment..

There's Caterpillar starting to break down below the Fly Paper channel..

We've got Salesforce stuck to the Fly.

Paper channel right now, but again, we're looking at a series of lower highs and.

recently a lower low in September and a lower high last week..

So not looking very bullish..

Cisco system still holding the Fly Paper Channel..

It hasn't broken yet..

That could change on Monday..

Now, Chevron is in the news this morning..

It looks like it's buying Hess..

and that'll probably put downward pressure on this stock..

If you look at how wide this.

Fly Paper Channel is, it tells us that long term volatility is very low..

And so this is certainly not a stock that you would want to be trading..

There are much better energy stocks out.

there with a lot more volatility that are worth risking your money on than Chevron..

Then Disney has been in a bear market for a while now, and you can see last week, or.

over the past couple of weeks, we've driven up to the Fly Paper Channel..

Once again, it acted as a resistance, and now we're starting to pull down..

There's Dow trading below the Fly Paper Channel..

There's Goldman Sachs making a new low last week..

Then Home Depot, and you can see the nice big rally that looked like the summer.

renovation season starting on June first and ending on September first..

Then the stock started to roll over..

Looking at Honeywell, you can see the.

direction of the Fly Paper Channel, so nothing to talk about there..

Ibm, the Fly Paper Channel has started to flatten out for a while there..

You can see investors were willing to buy any dips..

Now we're oversold and looking to see if the low from last week is going to hold..

Then looking at Intel, Intel has been a big surprise in 2023..

It has been hated for a long time, but has.

done fairly well in 2023, still holding up..

Flypaper channel still pointing higher..

Then looking at Johnson & Johnson, new low last week for this move..

And you can see we're trying to hold the lows from back in March of this year..

Then looking at JPMorgan, flat Fly Paper Channel..

This was a little anomaly, this pop here..

Otherwise, we would have been in the channel for a couple of months now..

And now we're looking to see if we can hold the September low..

No joy for Coca-Cola, no joy from McDonalds..

Then looking at 3M, pretty ugly here..

We put in a high, put in a lower high..

That was a warning signal..

Then, of course, once you take out the

previous low, it tells you that bad things are probably going to happen..

That was certainly the case for 3M..

There's Merck, a new low last Thursday..

Then looking at Microsoft..

Microsoft is still holding up, but look at what happened..

We put in a high, a lower high..

We put in a lower, lower, low..

I'm pretty sure that Microsoft is going to be heading lower from here..

Then looking at Nike..

Well, Nike has started to break down back in May of this year..

They took it up to the Fly Paper Channel..

They took it up to the Fly Paper Channel..

Now they've taken it up to the Fly Paper Channel..

What do you think is going to happen next?.

Do we break out or start to pull back?.

I believe we're going to start to pull back..

Then Proctor & Gamble, we're trading up into the Fly Paper Channel..

You can see that we're trading up to previous resistance, and that's probably

as high as we're going to be able to go at this particular time..

Then the Travelers group, again, there was a one day anomaly where we popped up.

through the Fly Paper Channel and quickly reversed, so no joy there..

Unitedhealthcare made a new high last.

week, so that stock is still loved at the moment..

And then no joy for Visa trading up into.

the Fly Paper Channel now starting to pull back..

No joy for Verizon..

It's been a dog all year and the.

Fly Paper Channel has continued to act as resistance..

So if we can continue to move higher, we.

would expect the Fly Paper Channel to continue to act as resistance..

Walgreens has also been a dog in 2023. No joy there..

Looking to see if we can hold the September Low, which we tested on Friday..

And given what the future is doing in the.

premarket, we'll probably start to break down below that on Monday..

And last up, looking at Walmart..

Walmart recently put in a lower low..

It looks like we put in a lower high last week..

So wouldn't be surprised if Walmart continued to move lower from here..

Let's finish off with the daily VIX..

And again, we made a new High on Friday..

On Monday, we're going to remain bearish.

on the market on a short term basis unless the VIX starts to close below 17.36..

Of course, we're also going to be watching to see what the Pros do with the VIX..

Right now, the Pros are in control..

If they start to give up control, that.

would certainly turn us from being short-term bearish to short-term bullish..

Okay, folks, that is all for this morning's presentation..

Obviously, the recent rally didn't change the overall tone of the market..

Bigcap tech stocks are still leading the market higher..

Outside of Bigcap tech stocks, there's a.

handful of winners, but it's not really broadly based..

It's still looking pretty gloomy for the market in the month of October..

Hopefully, that could change in the not so.

distant future, but it's not going to change on Monday morning..

Have a great day, folks..

And the next time you'll hear my voice is on Tuesday morning..